



2837 12/08/06

\$7,600.00

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

No. D06-329

DEVELOPMENT OFFICE –
SACRED HEART MONASTERY –
PRIESTS OF THE SACRED HEART –
REIGN OF THE SACRED HEART, INC.)
("SACRED HEART")

CONSENT ORDER
IMPOSING A FINE

Respondent.

FINDINGS OF FACT:

1. Sacred Heart is a charitable organization that has issued, and continues to issue, charitable gift annuities in the State of Washington and, therefore, is governed by Title 48 RCW.
2. RCW 48.05.030 provides that no person shall act as an insurer nor transact insurance in this state unless authorized by a certificate of authority issued by the Commissioner.
3. RCW 48.11.020 defines the transacting of life insurance as including the granting of annuities. Prior to 1979, only life insurers authorized in the State of Washington could lawfully sell charitable gift annuities to Washington residents.
4. In 1979, the Washington State Legislature enacted Chapter 48.38 RCW, which set forth changed legal and regulatory requirements for the sale of charitable gift annuities in Washington.
5. RCW 48.38.010 provides that a qualified charitable organization may, upon receiving a Certificate of Exemption from the Commissioner, conduct a charitable gift annuity business and be exempted from many of the requirements contained in Title 48 RCW.
6. Since 1957, Sacred Heart has issued 59 gift annuities to Washington residents (for a total of \$332,400.00) without obtaining a Certificate of Exemption.
7. Sacred Heart was informed of its obligation and has now obtained a Certificate of Exemption from the State of Washington.



CONCLUSIONS OF LAW:

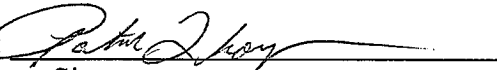
1. By issuing 59 charitable gift annuities prior to receiving its Certificate of Exemption, Sacred Heart committed 13 violations of RCW 48.11.020 and 46 violations of RCW 48.05.030(1) and RCW 48.38.010.
2. RCW 48.05.185 and RCW 48.38.050 authorize the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority/exemption.

CONSENT TO ORDER:

1. Sacred Heart consents to entry of this Order, and acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. Sacred Heart waives further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order. The Insurance Commissioner consents to resolve this matter in consideration of Sacred Heart's payment of the fine set forth below in lieu of suspending or revoking Sacred Heart's Certificate of Exemption.
2. Within thirty days of the entry of this Order, Sacred Heart will pay to the Insurance Commissioner a fine in the amount of \$7,600.00 (Seven-thousand Six-hundred dollars).
3. Failure to pay the fine, in full, within thirty days of the entry of this Order will constitute grounds for suspension or revocation of the Certificate of Exemption held by Sacred Heart in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 28 day of November, 2006.

DEVELOPMENT OFFICE – SACRED HEART MONASTERY – PRIESTS OF
THE SACRED HEART – REIGN OF THE SACRED HEART, INC.

By: 
Signature

Patrick Thompson
Executive Director
Print Name and Title

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

ORDER:

1. Sacred Heart is ordered to pay, within thirty days of the entry of this Order, a fine in the amount of \$7,600.00 (Seven-thousand Six-hundred dollars).
2. Failure to pay the fine timely, and in full, will constitute grounds for suspension or revocation of the Certificate of Exemption held by Sacred Heart in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this ^{12th} ~~28th~~ day of ^{December} ~~November~~, 2006.

MIKE KREIDLER
Insurance Commissioner

By: Andrea L. Philhower
Andrea L. Philhower
Staff Attorney
Legal Affairs Division